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Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Local Exchange Carriers' Payphone Functions and Features	)	CC Docket 97-140
	)	
The Bell Atlantic Telephone Companies Revisions to Tariff F.C.C. No. 1	)	Transmittal Nos. 962 and 966
	)	
GTE System Telephone Companies Revisions to Tariff F.C.C. No. 1	)	Transmittal No. 206
	)	
GTE Telephone Operating Companies Revisions to Tariff F.C.C. No. 1	)	Transmittal No. 1095

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REPLY OF BELL ATLANTIC TO APCC OPPOSITION

In its Direct Case, Bell Atlantic demonstrated that its charges for optional payphone features and functions are reasonable and consistent with the Commission's New Services Test.[1] In its justification of the overhead loadings for such services, Bell Atlantic provided data showing the cost and rates for its overall payphone service, including the federally-tariffed optional features and the underlying state-tariffed payphone line which a customer must subscribe to in order to use the optional features.

APCC now claims that Bell Atlantic's rate and cost comparison is faulty, because it failed to include local message usage. APCC claims that, when the rates for the line, for

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[1] Direct Case of Bell Atlantic (filed Sept. 3, 1997).

optional features, and for usage are compared with the associated costs, the rates are excessive.[2] APCC is wrong.

APCC makes two critical errors in alleging that the overhead loadings for the entire service range from 189% to 324%.[3] First, APCC's claimed overhead figures are inflated by 100%. APCC appropriately uses the price/cost ratio but expresses the quotient as a percentage, so that a quotient of 1 would appear as a 100% loading. Under this method, if the cost exactly equaled the price, ***i.e.***, there were no overhead loading whatever, APCC would display the loading factor as 100%.[4] Therefore, even under APCC's calculation, the range of loadings should be expressed as 89% to 224%.[5]

Second, APCC bases its calculations on an average of 450 local calls per month per payphone line.[6] Bell Atlantic's actual average call volume per payphone line is 184 calls per month. Adjusting APCC's calculations for the actual call volumes, the monthly usage charges incurred by payphone providers are $11.04 per line, not $27.00 as APCC assumes,[7] and the direct

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[2] Opposition of the American Public Communications Council to Direct Cases of Bell Atlantic Telephone Companies, GTE System Telephone Companies and GTE Telephone Operating Companies (filed Sept. 10, 1997) ("APCC").

[3] ***Id.*** at 4.

[4] For example, if the price and cost of a service were each $100, then no overhead loading has been added to the cost to produce the price. However, APCC would divide 100/100, derive a quotient of 1.00, and erroneously express the loading as 100% rather than zero.

[5] Because the larger figure was for a small jurisdiction while the smaller was for one of pre-merger Bell Atlantic's largest states, the weighted loading factor for the seven jurisdictions even under APCC's erroneous calculation was just over 100%, which is not excessive.

[6] APCC at 4.

[7] APCC's calculations used an average charge of $0.06/call.

costs are \$1.84 per month, not \$4.50 as APCC assumes.[8] The resultant overhead loadings, therefore, range from 49% (\$30.52 + \$11.04) / (\$25.99 + \$1.84) to 179% (\$34.19 + \$11.04) / (\$14.38 + \$1.84). On a weighted basis, this calculation yields an overhead loading factor for the seven Bell Atlantic jurisdictions covered by this filing[9] of 81%, well within reasonable levels. Moreover, if the interstate end user common line charge were eliminated from these calculations, the loading factor would range from 36% to 142%, with a regional average of only 56%.

Accordingly, contrary to APCC's claims, Bell Atlantic's payphone rates are reasonable and fully justified.

Respectfully Submitted,

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[8] APCC's calculations used direct costs of one cent per line per month.

[9] This tariff covers the seven pre-merger Bell Atlantic companies.

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of September, 1997 a copy of the foregoing "Reply of Bell Atlantic to APCC Opposition" was sent by first class mail, postage prepaid, to the parties on the attached list.

Tracey M. DeVaux

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* By hand delivery.

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